

WHAT THE DOE SAYS ABOUT THE GRID RESILIENCE STATE AND TRIBAL FORMULA GRANTS PROGRAM

In 2022, using funding authorized by the Infrastructure Investment and Jobs Act (IIJA, also called the Bipartisan Infrastructure Law), the U.S. Department of Energy announced the creation of the **Grid Resilience State and Tribal Formula Grants Program**. Under this program, the DOE will distribute \$2.3 billion over a five year period to states, territories, and federally recognized Indian tribes for initiatives designed to strengthen and modernize America's power grid against "disruptive events" caused by wildfires, extreme weather, and other natural disasters exacerbated by the climate crisis.

\$562 million in funding is available through FY24 grants. Applicants have until April 17, 2024, to request FY 24 grant funds.

WHAT IS A DISRUPTIVE EVENT?

An event in which operations of the electric grid are disrupted, preventively shut off, or cannot operate safely due to extreme weather, wildfire, or a natural disaster.

WHAT CRITERIA WAS THE FUNDING FORMULA BASED ON?

Factors taken into account when determining award sizes include:

- Population size and land area;
- Areas with low ratios of electricity customers per mileage of power lines;
- Probability of disruptive events during the previous 10 years;
- Number and severity of disruptive events since January 1, 2011; and
- Total amount, on a per capita basis, of public and private expenditures for mitigation efforts in the previous 10 years.

KEY APPLICATION COMPONENT: PROGRAM NARRATIVE

The program narrative is perhaps the most important piece of a state or tribe's formula grant application. **Strong applications should include:**

- Criteria for selecting and awarding funds to eligible entities;
- Methods for soliciting, awarding, and distributing subawards;
- A description of proposed funding distributions and categories of subaward recipients;
- An "equity approach", or description of how the recipient will incorporate (a) quality jobs, (b) prioritize the greatest community benefits, and (c) share or maximize project benefits across disadvantaged communities;
- A program administration and technical assistance plan; and
- A description of public notice and hearing activities, which must be completed prior to submission of the application.

FORMULA GRANT SUBAWARDS

The Department of Energy has charged states, territories, and Indian tribes with awarding their formula grant funds to a diverse set of projects, with **priority given to efforts that generate the greatest community benefit in providing clean, affordable, and reliable energy.**

Entities eligible to receive these subawards include:

- Electric grid operators;
- Electricity storage operators;
- Electricity generators;
- Transmission owners or operators;
- Distribution providers;
- Fuel suppliers; and
- Any other relevant entity, as determined by the Secretary of the DOE.

15% Required cost match* for grant recipients (i.e. states, territories, and Indian tribes).

100% Required cost match for Eligible Entities (except for small utilities, which have a 1/3 match requirement).

5% Allocation for program administration and technical assistance for states, territories, and Indian tribes. There is no administrative allocation for Eligible Entities.

*May be used for program administration and technical assistance (in addition to 5% base allocation).

Formula grant subawards provide excellent funding opportunities for small utilities without the resources to apply for grants or manage large projects under the **Grid Resilience and Innovation Partnerships Program**.

Examples of small-scale projects include:

- vegetation management;
- hardening of power lines, facilities, substations, or other systems, such as flood prevention or recovery or adaptive protection technologies;
- relocation of power lines;
- replacing old overhead conductors and underground cables;
- undergrounding of electrical equipment, especially for critical infrastructure facilities;
- non-wired alternative projects that focus on using DERs to enhance system adaptive capacity during disruptive events, such as battery storage and micro-grids;
- monitoring and control technologies;
- weatherization technology and equipment; and
- pole management.

SAMPLE PROJECTS FOR SMALL UTILITIES

NEW REQUIREMENTS FOR PASS-THROUGH ENTITIES

In addition to upholding the requirements of the Uniform Guidance (including the requirement to conduct subrecipient risk assessments and monitor subrecipients for compliance and performance), **pass-through entities are responsible for adhering to a new set of regulations**—2 CFR 910—which supplement or augment the Uniform Guidance

for awards made to for-profit entities. 2 CFR 910 impacts multiple areas of grant management and compliance, including contracts and procurement, cost principles, audit requirements, and intellectual property ownership. **For expert grants monitoring, oversight, and technical assistance services, contact the Vander Weele Group.**